



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER  
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

May 31, 2024

**Response from the Office of the Parliamentary Budget Officer following an appearance before a parliamentary committee**

May 22, 2024. Appearance of the Parliamentary Budget Officer, Mr. Yves Giroux, before the **Senate Standing Committee National Finance** on the subject matter of all of Bill C-69, An Act to implement certain provisions of the budget tabled in Parliament on April 16, 2024.

**Topic / Question 1:**

**Senator Kim Pate:**

In response to Senator Pate question about the government has framed the ban on tax deductions for non-compliant short-term rentals as one that could help make additional housing stock available. The PBO estimated that the measure would increase income tax revenues by only \$170 million over five years but didn't address the issue of whether this would help to put houses and apartments back on the market. Are there any findings you can share in this regard that might be useful for us to consider:

**Answer 1:**

Our report on [Denying income tax deductions for expenses incurred to earn short-term rental income where non-compliant](#) does not specifically estimate the number of short-term rentals which would be returned to the long-term rental market as a result of the measure.

To identify potentially affected listings, we matched AirBnB data for Montreal, Vancouver, and Toronto against licensing data for those cities. Across those three cities, we identified 971 short-term rentals outside of hotels which did not provide a valid active short-term rental license number. Extrapolating to Canada as a whole, we estimated that 10% of short-term rentals were operating without required licenses.

Out of that universe of illegal short-term rentals, some subset could be returned to the long-term rental market, if:

- The operator was claiming deductions for expenses associated with their illegal short-term rental,
- The operator is detected or anticipates being detected by Canada Revenue Agency,
- The operator chooses to stop operating their short-term rental because they do not believe they will be able to deduct their expenses,

- The unit is available for long-term rental and not, for example, a seasonal rental of a primary residence; and
- The operator chooses to return the unit to the long-term rental market either directly or by selling the unit.

Our report does not specifically estimate the share of those units which would be returned to the market. [A study commissioned by the City of Vancouver](#) estimated that for 1,090 short-term rentals removed from the market through regulation and enforcement, 120 to 710 units were returned to the long-term rental market. The study identified 823 suspected illegal listings which were listed for long-term rental, although only 31% of those listings had delisted from short-term rental platforms.

***Topic / Question 2:***

**Senator Kim Pate:**

In response to Senator Pate's request for looking at whether certain demographics, such as low-income homeowners or those in high-tourism areas, would be particularly impacted and how the measure might affect low-income homeowners who use short-term rentals to supplement their income:

**Answer 2:**

We are not aware of any reliable information regarding the characteristics of individuals operating illegal short-term rentals. Short-term rental regulations often allow for short-term rentals of a primary residence. As a result, low-income homeowners may be eligible for licenses where commercial operators are not. Our impression from our research is that short-term rentals are disproportionately located in high-tourism areas but our analysis did not specifically address this issue.

**Topic / Question 3:****Senator Pierre Dalphond:**

A transparency measure you suggested at the end of your document is to have a fixed budget date. We now have fixed election dates. While that means something, it can be circumvented. Here, do British-style parliamentary models exist—in the United Kingdom, New Zealand or Australia—where the budgets have fixed dates?

**Answer 3:****Australia:**

The Budget Papers and the main appropriation bills are tabled concurrently. Budget day is normally in May so that the budget can be considered by Parliament before the new financial year begins, as the financial year in Australia runs from July 1 to June 30. Since 1994, tabling has typically been on the second Tuesday in May.

[Infosheet 10 - The budget and financial legislation – Parliament of Australia \(aph.gov.au\)](#)

[The Commonwealth Budget: a quick guide – Parliament of Australia \(aph.gov.au\)](#)

**New Zealand:**

The Government is required to present its Budget to Parliament by July 31 each year. However, Budget day is customarily in May, where the Minister of Finance delivers the Budget and Estimates of Appropriations. The financial year in New Zealand runs from July 1 to June 30.

[Budget Day 101 - NZ Parliament](#)

[Parliament's Financial Scrutiny Cycle - NZ Parliament](#)

**British Columbia:**

The Minister of Finance presents the B.C. government's budget and fiscal plan every year on the fourth Tuesday of February. B.C. operates on the same fiscal years as the Canadian federal government.

[Budget & consultations – British Columbia](#)